

# Small Business CONNECTION



FARMVILLE • SOUTH BOSTON • MARTINSVILLE • PETERSBURG • DANVILLE

## MAKING AN IMPACT! – EVERY DAY

*Sheri McGuire, Director*

Each and every day, those of us who serve as Small Business Development Center (SBDC) counselors are required to track client progress and assess the “economic impact” of SBDC services. It is a seemingly ordinary part of our day here at Longwood and, sometimes, simply another task that has to be done or added to our already loaded “to do” list. You can probably tell what I was up to when I got the idea for this column.... Recording impact data! For some of us... just as for our small business clients, recordkeeping is definitely not a favorite task... We’d much rather be working “in the field”! Perhaps it is time to step back and see our economic impact for what it really is – more than just numbers.

Let’s take a look at how we define and report our impact by the most stringent definition of the process. We survey our clients by telephone and face-to-face continuously as well as by survey at the end of the year to determine four things that happen as a result of SBDC assistance: capital invested, external capital raised, jobs created, jobs saved, and sales growth. Strictly numbers, right? Perhaps, at first glance, it is. Needless to say, our staff takes this concept quite seriously as a measurement of our effectiveness in the delivery of services.



*The Virginia SBDC Southern Region - Larry Harris, LSBDC South Boston; Niro Rasanayagam, Region 2000 SBDC - Lynchburg, VA; Dick Ephgrave, LSBDC Martinsville; Diane Howerton, LSBDC Petersburg; Diane Arnold, LSBDC Danville; Sheri McGuire, Sherri Moore & Debbie Epperson, LSBDC Farmville.*

I won’t even attempt to hide the fact that it is also a source of a little “friendly competition” amongst our five offices throughout Southside! In any case, working with our clients in a one-to-one relationship allows us to see what happens behind those numbers.

It is important to remember that the work we do involves people, their livelihoods, and their ability to contribute to the local economy. They may be stepping out on their own after years of being employed by someone else, expanding and growing an existing business, or perhaps, like Nancy Harms, our featured client story in this newsletter, they are embarking on another stage in their lives using their knowledge of the market and their experience. Most of these events carry immeasurable impact in the form of personal accomplishment, community involvement, and lifelong dreams realized. Even NOT starting a business can be a good thing. Some clients are impacted by working with an SBDC to assess a new business opportunity, only to decide that their life’s savings or their family commitment is too valuable to risk in that particular venture. We cannot measure this type of impact with a “dollars saved” equation, but these clients see it as positive impact.

Now for the “hard numbers” generated by our work thus far this calendar year: Longwood’s five SBDC’s have assisted 356 clients. This number reflects those clients who have received at least one hour of individual counseling. Of this number, 67 clients reported having raised a total of \$15.5 million in new capital investment for their business and having created 220 new jobs as a result of counseling through our SBDC network. In addition, our SBDC’s delivered or co-sponsored 36 training sessions on topics such as marketing, financing, and starting a business. Studies have shown that the increased generation of tax dollars by SBDC clients returns \$1.66 for every \$1 that localities invest in an SBDC program. Innovative entrepreneurship and all of its many rewards, both financial and intrinsic, will be a major catalyst in the revitalization of our economies. The Longwood SBDC is excited and proud to be a part of the process!

### 2006 YEAR-TO-DATE SBDC RESULTS

CLIENTS SERVED: 356  
HOURS OF COUNSELING: 1,864  
TRAINING: 36  
TRAINING ATTENDEES: 392  
JOBS CREATED & RETAINED: 220  
NEW CAPITAL: \$15.5 MILLION

### *Did You know your SBDC offers FREE Counseling?*

- ✓ Business Planning
- ✓ Financial Analysis
- ✓ Marketing
- ✓ Research

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FALL 2006

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# SUCCESS IN SOUTHSIDE VIRGINIA

## SBDC CLIENT STARTS, GROWS, AND BRINGS NEW DRUG TESTING TECHNOLOGY TO SOUTHSIDE VIRGINIA

Patriot Drug and DNA Testing provides a recent example of how the Small Business Development Center (SBDC) network can help a new business navigate the myriad of start-up issues and develop an effective business model. Nancy Harms, and her husband William Holmes, business owners, worked with Diane Arnold, Branch Center Director of the Longwood SBDC Dan River, through the entire startup phase from concept to the actual expansion of their business concept “southward” to the Danville/Pittsylvania County area. Initially conceived as a Roanoke business, Patriot’s concept was changed in the planning process to include a headquarters in Chatham, Virginia and future field offices in Lynchburg, Virginia; and Mebane, North Carolina.

When Nancy and Bill came to the Longwood Small Business Development Center – Dan River in 2004, they started working with Diane Arnold, Branch Center Director on the initial business plan for a drug and DNA testing service.

Nancy credits Diane and the Longwood SBDC-Dan River with helping her establish the business: “I didn’t know how to proceed with the new business. Diane and the Longwood SBDC provided direction as well as motivation. Diane helped me consider many different facets of the business opportunity.”

The business idea was a perfect fit with Nancy’s background as a registered nurse and years of managerial experience as a Lieutenant Commander of the U S Navy as well as Bill’s strong financial training and military service as a Navy Corpsman. After considering initial information and business planning assistance provided by the SBDC, Nancy and Bill decided to start the business as licensed affiliates of AMCTI (American Medical Compliance Testing, Inc.) and proceeded with plans to purchase protected license agreements as collection sites for AMCTI.

The licensee agreements stipulated that the corporate clients of AMCTI would be serviced according to AMCTI standards and charges, and that the licensee holder would be allowed to develop local and regional clientele and use AMCTI’s facilities. With an AMCTI corporate client list including such heavy weights as Lowes, SAM’S Club, WalMart, Cingular, Verizon, Columbia Gas, MOST, and Halliburton, Harms and Holmes decided to purchase two protected territories. Their plans grew to include a protected territory in Virginia that encompassed the Danville-Lynchburg-Roanoke area and one in North Carolina that encompassed the Greensboro Triad area. In doing so, they realized that they would need to expand their concept to several office locations.



(L-R) Bob McLoone, SBA; Kaye Hayden, American National Bank; Bill Holmes, Nancy Harmon, Patriot Drug; Diane Arnold, Longwood SBDC Dan River

While Nancy and Bill went through the AMCTI training program to become Certified Professional Collectors, Diane began mapping out the plan to acquire the necessary information for them to use in locating the first offices, marketing their new service, and calculating their expenses. Diane enlisted the services of a Longwood University SBDC

student intern to develop business lists and locate the demographic information needed for this project. Diane and Nancy spent several days working to sift through the data and pull together the information needed to make the location decisions and finish the business plan.

After several business plan presentations to area banks, American National funded the project with an SBA guaranteed loan. Harms and Holmes began their new business in June of 2005 with services offered in Chatham and a collection office

in Roanoke, Virginia. Their territory also expanded to encompass all of Virginia and North Carolina, with future sites being considered in both states.

***“I didn’t know how to proceed with the new business. Diane and the Longwood SBDC provided direction as well as motivation. Diane helped me consider many different facets of the business opportunity.”***

Nancy continues to work with Diane at the SBDC for assistance on research and business planning. According to Nancy: “The SBDC service didn’t end when we got our funding and went into business. Diane continued to help me along, providing research and information on classes and other sources of assistance.”

Patriot’s latest business endeavor involves offering advanced testing services in the form of oral fluid tests. A simple swab of the mouth can now be more accurate than a traditional urine drug test, which is sometimes easy to adulterate or falsify. The test uses saliva swabs to test for standard drugs of abuse as well as steroids and heavy metals. The oral fluid testing for heavy metals is an efficient and accurate alternative to the standard blood test required currently, such as for

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lead and mercury testing. The portability of the test allows Patriot to take the testing process to the customer instead of forcing workers or children to travel to a lab. The advantages of portability and ease are spurring demand from the Department of Transportation, athletic associations, and government health agencies including the Centers for Disease Control. The exclusive right to service a growing area with leading edge testing technology positions Patriot Drug and DNA Testing to outpace their expectations for success.

## VIRGINIA SBDC NETWORK RECEIVES NATIONAL ACCREDITATION

The Virginia Small Business Development Center (VSBDC) Network was recently notified by the National Accreditation Committee that the statewide network of 29 SBDC offices met all conditions and criteria for full accreditation by the national accrediting agency – the Association of Small Business Development Centers (ASBDC).

The ASBDC test of uniform high quality delivery systems used by the accreditation team ensures that the federal government, host institutions and local partners fund programs have demonstrated effectiveness, efficiency and success in counseling and training small business entrepreneurs. For more information, visit [www.virginiasbdc.org](http://www.virginiasbdc.org).

## The Retailer’s Tool Chest

by Vincent Magnini

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Retailers often strive to improve their in-store merchandising displays, but struggle to derive creative, yet affordable, ideas. One obvious method of identifying new merchandising tactics entails shopping the competition. As a retailer, you should regularly visit competitor locations and study their layouts, displays, and ambience strategies (such as lighting, smells, color schemes, and music). This competitor scanning is an essential responsibility of any retailer and can, at the bare minimum, keep you up to par relative to your competitors.

Nevertheless, a better, not-so-obvious method of finding new merchandising tactics involves scanning for ideas outside of your industry. As we all know, for instance, Americans have a love affair with the french fry. A typical American consumes thirty pounds of fries each year. What is perhaps a lesser known fact is that our affinity for french fries is largely attributable to a merchandising idea that Ray Kroc borrowed from department stores. That is, Ray Kroc realized that department store managers had used mirrors to create illusions in their store spaces for decades, so he, therefore, wondered why mirrors could not be used to create illusions in fast food retail space. Consequently, he placed a mirror (angled down slightly) behind the french fry holding bin in every McDonalds location so that customers could view the cooked fries as they waited in line to place their orders. As a result, this visual image stimulated much greater sales of the product.

Now let’s consider the example of the Lush cosmetics company. The English founders of Lush have transplanted merchandising tactics from outside their industry. More specifically, entering a Lush retail location is unmistakably similar to entering a bakery. Soaps shaped as pastries, cakes, and pies are displayed as if they were in fact edible. Lush knew that people enter a bakery with the intent to buy. Therefore, by making the cosmetic store look like a bakery, the same psychology applies. With this creative merchandising, it comes as no surprise to me that Lush products are now sold in 27 countries, including, at last count, 23 locations within the U.S.

Based upon these examples, the story is clear: you, as a retailer, can generate highly effective merchandising strategies by scanning for ideas both inside and outside of your industry. Therefore, both forms of scanning should be regularly-used components of your strategy “tool chest.” If you are interested in learning more about this topic, or about other useful money-making tactics, please consider Longwood University’s Retail MBA program.

## MARTINSVILLE LSBDC CLIENT WINS AWARD — *Dick Ephgrave, LSBDC Martinsville*

On Wednesday, May 17, Oak Level Finishing and Repair, LLC, a Martinsville client of the Longwood Small Business Development Center (SBDC) Network, received the Martinsville/Henry County Chamber of Commerce Manufacturing Small Business of the Year Award for 2006 at the Chamber's Business Appreciation Luncheon.

Oak Level does finishing and repair work for major furniture and other wood products manufacturers. The Company was started in July of 2004 by Brad Smart with 4 employees. By the end of 2005, the business had 30 employees and had moved to a modern 60,000 square foot facility in a new industrial park in Martinsville. The 2005 sales represented a 1,200% increase over the 2004 sales, and sales for 2006 continue to increase over 2005. According to Mr. Smart, quality work, quick turnaround and a good business plan have been the key to the Company's outstanding growth. The successful start and growth of businesses such as Oak Level are a significant part of the economic revival of Southside Virginia, and Longwood's SBDC program is proud to be a part of that revival.

It is worth noting that this is the second year in a row for a Longwood client to receive the Manufacturing Small Business of the Year Award. The 2005 winner of this prestigious award was Smart Machines, an engineering and manufacturing concern that makes customized machines for a wide variety of manufacturing applications.



Funded in part through a cooperative agreement with the U.S. Small Business Administration. Their funding is not an endorsement of any of the products, opinions, or services. All of SBA funded programs are extended to the public on a non-discriminatory basis. Special arrangements for the handicapped will be made if requested in advance by contacting the Longwood SBDC at 434.395.2086.



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